

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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CAN'T STOP PRODUCTIONS, INC.,

Plaintiff,

v.

17 CV 6513 (CS)

SIXUVUS, LTD., ERIC ANZALONE,
ALEXANDER BRILEY, FELIPE ROSE,
JAMES F. NEWMAN, et al.,

Defendants.

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U.S. Courthouse
White Plains, N.Y.
February 6, 2020
10:40 a.m.

Before: HON. CATHY SEIBEL,
United States District Judge

APPEARANCES

EISENBERG TANCHUM & LEVY
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KAREN WILLIS, Pro Se
Intervenor

Sue Ghorayeb, R.P.R., C.S.R.
Official Court Reporter

1 THE COURT: Mr. Levy is here for Can't Stop and Ms.
2 Matz is here for Sixuvus, and Ms. Willis is on the phone. We
3 are on the record.

4 You guys can have a seat.

5 We have a few matters. There were a couple of
6 motions pending and then we have the proposed settlement
7 between Can't Stop and Sixuvus.

8 Ms. Willis, I don't -- I hope it was just that you
9 weren't thinking when you posted on the public docket a
10 settlement agreement that said right in it that some of its
11 terms are confidential.

12 MS. WILLIS: It was, Your Honor. It was just a
13 mistake.

14 THE COURT: I'm sure you will be more careful in the
15 future. In the meantime, my courtroom deputy somehow
16 magically sealed the agreement itself, so that part is not
17 public. And we do need to talk about it and what effect it
18 will have going forward, but my inclination, since there are
19 pending motions, is to rule on them, it won't take a whole lot
20 of time, and then we'll talk about whether and to what extent
21 the settlement is going to change things.

22 So, the first motion is Proposed Intervenor Karen
23 Willis's motion for recovery on the TRO bond posted by the
24 Sixuvus Defendants, and Intervenor also filed a proposed
25 Amended Complaint intervention, which the Sixuvus Defendants

1 say I should not allow.

2 You guys are all familiar with the facts of the
3 case. I'm not going to take the time to recite them.

4 Procedurally, just for the record, Can't Stop filed
5 this lawsuit against Sixuvus and its members back on August
6 25th, 2017, for trademark infringement and a declaratory
7 judgment that Plaintiff is the owner of all rights, title and
8 interest in the "Village People" trademarks.

9 Okay. Hey, Ms. Willis, I don't know if you're
10 moving papers or what, but there's some kind of crackling
11 noise that's coming over, that's making it hard for the court
12 reporter.

13 MS. WILLIS: Okay.

14 THE COURT: If you can either put yourself on mute
15 or just be still, that will be helpful.

16 MS. WILLIS: Mm-hmm.

17 THE COURT: Okay. On November 30th, the Defendants
18 answered and asserted a bunch of counterclaims.

19 On December 1st, Defendants filed for a TRO and
20 preliminary injunction. I entered a TRO that day temporarily
21 permitting Defendants to perform under the title "Sixuvus
22 Presents The Legendary Village People" and restraining
23 Plaintiff and its assignees, which include Ms. Willis, from
24 directly or indirectly interfering with Defendants' ability
25 to book live performances.

1 On December 8th, 2017, the Intervenor, doing
2 business as Harlem West Entertainment, filed a motion to
3 intervene and to vacate or modify the TRO, contending that
4 Harlem West was the exclusive licensee of the marks and that
5 vacating or modifying the TRO is necessary to avoid harm to
6 the Intervenor and likelihood of confusion.

7 After reviewing the Intervenor's papers and hearing
8 argument, I provisionally allowed Ms. Willis to intervene as
9 a preliminary plaintiff and a preliminary counterclaim
10 defendant, and I issued an amended TRO that set forth how
11 each of Intervenor's and Defendants' groups would perform and
12 required certain disclaimers.

13 Then we had some litigation about compliance, and
14 there was a mediation in January. Then we had -- because
15 that failed, we had a preliminary injunction hearing on
16 January 29th through February 1 and February 6th of 2018.

17 On February 16th, I issued an order denying the
18 motion for the P.I. and vacating my December 14th TRO and I
19 explained my reasoning in a March 6th written decision.

20 That same day, Intervenor filed her Complaint
21 against Sixuvus, its members and others, bringing the
22 following claims: Passing off in violation of 15 U.S. Code
23 Section 1125(a) as to all Defendants; trademark infringement
24 in violation of 15 U.S. Code Section 1114 against the same;
25 unfair competition in violation of New York unfair

1 competition law and General Business Law Section 349 against
2 Sixuvus and Red Entertainment Agency, arising from
3 Defendants' use of the "Village People" trademark and trade
4 dress, and their use of the names -- the name "Kings of
5 Disco," under which Defendants were performing, in
6 conjunction with the Village People mark.

7 Thereafter, there was motion practice, including a
8 motion to enforce a settlement agreement, motions to modify
9 and dissolve the TRO, and TRO and P.I. hearings in a related
10 case, Number 19-CV-4354, Willis v. Sixuvus.

11 On June 24th of last year -- without following my
12 individual practices requiring a pre-motion letter and a
13 pre-motion conference -- Intervenor filed a motion seeking
14 disbursements of funds from the bond Sixuvus had posted in
15 connection with the TRO. Defendants opposed and Intervenor
16 replied.

17 At a conference on July 18th, I also directed
18 Intervenor to file her proposed amended complaint and
19 Defendants to respond with their position and Intervenor to
20 reply, and this was all done by the end of September.

21 So, Ms. Willis filed the Proposed Amended Complaint
22 on August 21st, and with my permission corrected it on August
23 26th. That's Document 246, the Proposed Amended Complaint,
24 which I'm going to call the "PAC". It alleges that
25 Defendants Sixuvus, Anzalone, Briley, Rose, Newman, Simpson

1 and Whitefield (1) used the "Village People" mark and/or
2 trade dress in connection with "Kings of Disco" and in
3 connection with "Village People featuring Ray Simpson" for
4 purposes of live performance, thereby passing themselves off
5 as Village People, in violation of 1125(a); (2) used the
6 Village People mark and trade dress to cause confusion, in
7 violation of Section 1114, in connection with Kings of Disco
8 and Village People featuring Ray Simpson; and (3) passed off
9 their services as those -- as those of the Village People, in
10 violation of New York's unfair competition law and G.B.L.
11 Section 349.

12 She seeks an injunction preventing Defendants from
13 using the mark "Village People" or marks that suggest Village
14 People, such as "Kings of Disco", in connection with live
15 performances, or marks that are likely to cause confusion
16 between Village People and Kings of Disco, or using Village
17 People media sites styled as "Kings of Disco," and using
18 Village People trade dress.

19 She also wants an order delivering for destruction
20 any merchandise or promotional materials bearing the marks
21 "Kings of Disco" and "Village People featuring Ray Simpson,"
22 as well as money damages, costs and attorneys' fees.

23 I turn first to the motion to recover on the bond.

24 "Rule 65(c) of the Federal Rules of Civil Procedure
25 allows for recovery on posted security where the party has

1 been wrongfully enjoined or restrained." U.S. D.I.D. v.

2 Windstream Communications, 775 F.3d 128, at 137.

3 "The only damages recoverable from an injunction
4 bond are those arising from the operation of the injunction
5 itself and not from damages occasioned by the suit
6 independently of the injunction." Medafrica Line v. American
7 West African Freight, 654 F.Supp. 155, at 156 (S.D.N.Y.
8 1987).

9 The "wrongfully enjoined" party must "demonstrate
10 that the damages sought were proximately caused by the
11 wrongful injunction" and "properly substantiate those
12 damages." Nokia Corp. v. InterDigital, 645 F.3d 553, at 559.
13 Once the party seeking recovery adequately establishes the
14 damages, there is a presumption in favor of recovery. Nokia
15 at 560. That means the District Court must have a "good
16 reason" for denying recovery and "the burden of demonstrating
17 that recovery should be denied is on the party opposing
18 recovery." Nokia at 560.

19 Intervenor argues here that she was "forced to hire
20 outside counsel to defend her in compliance with the Sixuvus
21 TRO" and thereby incurred "significant legal fees." That's
22 in her memorandum at Page 1. She also contends that she
23 incurred travel and miscellaneous costs "related to her
24 defense in compliance with the TRO while defending against
25 the Sixuvus preliminary injunction hearing," as well as costs

1 "related to mediation, injunction hearing, change of website
 2 and social media, and change of group name." Also at Page 1
 3 of her memo. She argues these fees and expenses were not
 4 incurred litigating the injunction but rather in complying
 5 with the injunction. That's in her reply at Page 1.

6 Finally, in her reply and attached declaration, she
 7 says she lost "over \$100,000 in bookings" because the TRO
 8 "forced" her to share the use of the Village People mark with
 9 the Defendants. That's in her reply at Page 2. See Document
 10 248-1 at Paragraph 4.

11 As an initial matter, only the costs that could
 12 have arisen from the operation of the injunction, rather than
 13 litigating it, must have been occurred -- must have been
 14 incurred in connection with the December 14th TRO. To the
 15 extent that Intervenor is one of Can't Stop's "successors or
 16 assigns," or any one of her bunch of other categories, the
 17 December 1 TRO enjoined her from "directly or indirectly,
 18 interfering with or preventing Sixuvus from booking live
 19 performances, accepting live engagements and performing live"
 20 as "Sixuvus Presents The Legendary Village People." That's
 21 from the December 1 TRO at Pages 1 to 2.

22 Intervenor has not established any damages arising
 23 from compliance with that TRO. The legal fees she may have
 24 incurred in trying to get that TRO lifted are unrecoverable
 25 fees incurred in litigating the injunction, not costs and

1 damages incurred as a result of complying with the
2 injunction. See *Sterling Industries v. Sheet Metal Workers'*
3 *National Pension Fund*, 2015 Westlaw 3407927, at Page 3
4 (Eastern District May 27th, 2015). Accordingly, I address
5 only costs incurred after the December 14th, 2017 injunction.

6 "It has long been established that a prevailing
7 party may not generally collect as damages against an
8 injunction bond attorneys' fees expended in litigating the
9 injunction." *Nokia*, at 560. The party seeking to recover
10 must "establish with reasonable certainty that it was damaged
11 by the issuance of the injunction." *Nintendo v. Lewis Galoob
Toys*, 16 F.3d 1032, at 1038 (Ninth Circuit 1994).

13 Because the December 14th TRO required Intervenor
14 to make changes to her advertising and use of the name
15 *Village People*, costs related to such changes could
16 conceivably arise from complying with the TRO rather than
17 litigating it.

18 As to Intervenor's attorneys' fees, which were set
19 forth in her memorandum at Exhibit A, the only fees that fit
20 that bill are a December 14th entry that says, "E-mails with
21 client and graphic artist," and a December 15th entry
22 relating to "E-mails with client re: fixing online material."
23 These costs, at the most, total \$3,520, and that figure is
24 too high and would have to be reduced because the line items
25 also include other activities unrelated to -- could include

1 other items -- other activities unrelated to graphic
2 design -- I'm sorry. Those line items do include other
3 activities unrelated to graphic design or fixing online
4 material.

5 As to the remaining costs, Intervenor has not
6 established with any certainty that her hotel, rental car, or
7 airfare costs were expended in compliance with rather than
8 litigating the injunction. Indeed, the preliminary
9 injunction hearing in January for which she incurred those
10 expenses would have occurred regardless of the imposition of
11 the December 14th TRO.

12 As to Intervenor's booking losses, "although
13 damages need not be proved with mathematical certainty, they
14 cannot be speculative." Source Interlink Distribution v.
15 Bauer, 2009 Westlaw 1755270, at Page 2 (Southern District
16 June 22nd, 2009). Proper substantiation of costs requires
17 "extrinsic proof, such as an invoice or receipt" or "a sworn
18 statement or declaration under penalty of perjury that
19 certain amounts were expended on particular items." Mendoza
20 v. CGY & J Corporation, 2017 Westlaw 4685100, at Page 3
21 (Southern District October 17th, 2017).

22 Intervenor's conclusory claim that she lost
23 \$100,000 in bookings while the TRO was in effect because she
24 "split Village People live performances" with Sixuvus --
25 that's Paragraph 4 of Document 248-1 -- is unsupported by any

1 detail whatsoever, let alone who hired Sixuvus instead of
2 Intervenor, when, where, how, at what cost, and how she knows
3 this occurred.

4 The alleged booking losses are too speculative to
5 serve as the basis for recovery, especially because
6 Intervenor was evidently using the name "Village People
7 featuring Victor Willis" before the December 14th TRO was
8 entered. See Document 46-7. Further, Intervenor has not
9 properly substantiated this loss because her declaration does
10 not show that certain amounts were connected to particular
11 items." See Mendoza, 2017 Westlaw 4685100, at Page 3.

12 Accordingly, Intervenor is entitled to the
13 presumption of recovery only as to some fraction of the
14 \$3,520 in attorneys' fees – the costs that she has
15 demonstrated were proximately caused by the wrongful
16 injunction. See Nokia, at 559.

17 Defendants argue that the bond recovery motion
18 cannot be granted regardless, because there has not been a
19 final adjudication on the merits and therefore it cannot be
20 determined that Intervenor was "wrongfully enjoined." That's
21 in their opposition at Pages 11 to 12.

22 "A party has been 'wrongfully enjoined' under
23 Federal Rules of Civil Procedure 65(c) if it is ultimately
24 found that the enjoined party had at all times the right to
25 do the enjoined act." Guzman v. Local 32B-32J, 72 F.3d 260,

1 at 263.

2 "In the usual case the wrongfulness inquiry
3 generally must be resolved by a trial on the merits," because
4 "it is the final adjudication on the merits, after the full
5 presentation of the parties' cases, that ordinarily
6 establishes whether the party should not have been engaging
7 in the conduct that was enjoined." U.S. D.I.D., 775 F.3d at
8 138.

9 "TRO and preliminary injunction proceedings do not
10 typically give the parties" the full benefit -- excuse me --
11 "do not typically give the parties the benefit of a full
12 opportunity to present their cases or a final judicial
13 decision based on the actual merits of the controversy."
14 That's U.S. D.I.D. at 138. In that case, the court found no
15 need for a final adjudication on the merits where plaintiff
16 voluntarily dismissed the complaint and abandoned its right
17 to a full opportunity to present its case, see 775 F.3d at
18 138, which has not occurred here.

19 At this stage, I cannot determine that Intervenor
20 has been wrongfully enjoined. I denied the motion for the
21 P.I. and vacated the December 14th TRO because Defendants
22 failed to show a likelihood of success on the merits. See
23 Document 118. This was not a final adjudication on the
24 merits.

25 I agree with Defendants that they have yet to be

1 given the full opportunity to present their case because the
2 pleadings have yet to be finalized and discovery has yet to
3 take place. Accordingly, Intervenor's bond recovery motion
4 is denied at this stage, without prejudice to renewal after a
5 final adjudication on the merits, but at that time it will be
6 limited to the \$3,520 in fees.

7 Now, turning to the proposed Intervenor Complaint:
8 Rule 15(a) provides that leave to amend should be freely
9 given "when justice so requires," but it's "within the sound
10 discretion of the district court to grant or deny leave to
11 amend for good reason, including futility, bad faith, undue
12 delay, or undue prejudice." *Broidy Capital Management v.*
13 *Benomar*, 2019 Westlaw 6646623, at 7 (Second Circuit December
14 6th, 2019).

15 "Amendment is futile if the proposed amendment
16 complaint" -- sorry.

17 "Amendment is futile if the proposed amended
18 complaint could not survive a motion to dismiss." *Soroof*
19 *Trading v. GE Microgen*, 283 F.R.D. 142, at 147 (S.D.N.Y.
20 2012). The familiar plausibility standard from *Ashcroft v.*
21 *Iqbal*, 556 U.S. 662, and *Bell Atlantic v. Twombly*, 550 U.S.
22 544, at 570, is applicable.

23 The PAC adds allegations involving Intervenor's and
24 Defendants' use of the term "Kings of Disco," as well as the
25 trade dress including the cop, cowboy, Native American, G.I.,

1 leather man, and construction worker costumes worn by the
2 performers. See Paragraphs 28, 38 and 43. It removes two
3 Defendants, the Pennsylvania Horticultural Society and Red
4 Entertainment Agency, as well as allegations involving
5 Sixuvus's use of the term "Village" -- "Official Village
6 People."

7 Defendants argue that amendment would be futile as
8 to Intervenor's Section 1125 passing-off claim in
9 conjunction -- in connection with the use of the "Kings of
10 Disco" mark, her 1114 claims, and her G.B.L. 349 claims.
11 Defendants make no argument that the 1125 passing-off claim
12 in connection with the use of the Village People mark would
13 be futile.

14 To state a claim for passing off and trademark
15 infringement, Intervenor must plausibly allege "that she
16 possesses a valid, legally protectable trademark, and that
17 the junior user's mark is likely to cause confusion as to the
18 origin or sponsorship of the product at issue." U.S. Polo
19 Association v. PRL USA Holdings, 800 F.Supp.2d 515, at 524
20 (S.D.N.Y. 2011), affirmed, 511 Fed. Appendix 81.

21 "The elements of a cause of action of unfair
22 competition under New York common law mirror the requirements
23 of claims stated under the Lanham Act and similarly require
24 that a party demonstrate a valid, protectable mark and a
25 likelihood of confusion between the marks of the alleged

1 infringer and the charging party." Alzheimer's Foundation of
2 America, Inc. v. Alzheimer's Disease & Related Disorders
3 Association, Inc., 796 F.Supp.2d 458, at 465 (S.D.N.Y. 2011).

4 As to the 1125 passing-off claim with respect to
5 Kings of Disco, Defendants argue that the PAC fails to allege
6 facts that support the inference that Intervenor possesses or
7 has the exclusive right to a valid, protectable trademark in
8 "Kings of Disco." That's in their opposition at 3.

9 According to Defendants, Intervenor's License Agreement with
10 Can't Stop does not grant her use of the term "Kings of
11 Disco." See Document 110-3. That may be so, but Intervenor
12 has plausibly alleged that Kings of Disco is entitled to
13 protection regardless of the License Agreement.

14 "An unregistered mark is entitled to protection
15 under the Lanham Act if it would qualify for registration as
16 a trademark. To qualify for registration, a mark must be
17 sufficiently distinctive to distinguish the registrant's
18 goods from those of others. Such distinctiveness may be
19 demonstrated in either of two ways. The mark may be
20 inherently distinctive if its intrinsic nature serves to
21 identify its particular source. Alternatively, even if not
22 inherently distinctive, the mark may be distinctive by virtue
23 of having acquired a secondary meaning in the minds of
24 consumers." Star Industries v. Bacardi, 412 F.3d 373, at
25 381.

1 In the Second Circuit, courts analyze six factors
2 to determine whether a mark has acquired secondary meaning:
3 "advertising expenditures, consumer studies linking the mark
4 to a source, unsolicited media coverage of the product, sales
5 success, attempts to plagiarize the mark, and length and
6 exclusivity of the mark's use." Christian Louboutin v. Yves
7 Saint Laurent, 696 F.3d 206, at 226.

8 "Determining whether a descriptive mark has
9 acquired secondary meaning is a fact-intensive inquiry"
10 ill-suited for resolution on a motion to dismiss; A.V.E.L.A.
11 v. Estate of Marilyn Monroe, 131 F.Supp.3d 196, at 212
12 (S.D.N.Y. 2015), but even so, several of the Louboutin
13 factors counsel in favor of finding Intervenor has plausibly
14 alleged a valid, protectable mark.

15 Taking her allegations as true, as I must -- and I
16 have no idea whether she'll be able to back this up with
17 evidence -- the term "Kings of Disco" is well-known and has
18 been used worldwide to describe the Village People in
19 newspapers, magazines, and other publications since 1979.
20 See PAC Paragraphs 20, 21, and 26. Defendants allegedly
21 "knew the term 'Kings of Disco' was already associated with,
22 and descriptive of, Village People" but used it anyway. See
23 Paragraphs 24 to 27.

24 See Cartier, Inc. v. Four Star Jewelry Creations,
25 348 F.Supp.2d 217, at 243 (S.D.N.Y. 2004), which noted that

1 in the attempt to plagiarize factor, "the relevant question
 2 is whether the copying was done deliberately, so as to
 3 benefit from the mark holder's name and goodwill."

4 As a whole, Intervenor's allegations just barely
 5 plausibly suggest that she could establish secondary meaning,
 6 and, by extension, distinctiveness, at least for purposes of
 7 a motion to dismiss where I have to take her claims as true.
 8 See A.V.E.L.A. at 213. She has also plausibly alleged
 9 confusion in Paragraphs 46 through 50.

10 At the P.I. hearing in Number 19-CV-4354, I was not
 11 impressed with her showing, but at the motion to dismiss
 12 stage I must take her allegations as true. I cannot dismiss
 13 just because I am skeptical that the Intervenor will be able
 14 to show that in fact Kings of Disco refers to the Village
 15 People in the minds of consumers. Accordingly, the amendment
 16 of the 1125 claim regarding the use of Kings of Disco would
 17 not be futile.

18 Defendants next argue that "claims under 1114 are
 19 only available for imitation of a 'registered mark.'" That's
 20 in their opposition at 3. In Lopresti v. Spectrum Press,
 21 2001 Westlaw 1568434, at Page 4 (Southern District December
 22 5th, 2001), the court dismissed an 1114 claim where plaintiff
 23 did not show the mark was federally registered.

24 Although courts apply the same analysis to claims
 25 under 1114 and 1125 -- see, for example, Louis Vuitton v.

1 Dooney & Bourke, 454 F.3d 108, at 114; Coty v. Excell Brands,
2 277 F.Supp.3d 425, at 441 (S.D.N.Y. 2017), and Chanel v.
3 Veronique, 795 F.Supp.2d 262, at 266 (S.D.N.Y. 2011), Section
4 1114 protects registered marks and 1125 protects unregistered
5 marks.

6 See Chambers v. Time Warner, 282 F.3d 147, at 155,
7 where the Circuit observed that 1125 "is a broad federal
8 unfair competition provision which protects unregistered
9 trademarks similar to the way that 1114 protects registered
10 marks." 1125 actually could protect registered or
11 unregistered marks. See also Van Praagh v. Gratton, 993
12 F.Supp.2d 293, at 301 (E.D.N.Y. 2014).

13 Here, Intervenor has failed to allege federal
14 registration for the mark Kings of Disco, so her claim under
15 1114 as to that mark would fail. Accordingly, amendment
16 would be futile as to such a claim.

17 Next, Defendants contend that the Intervenor lacks
18 standing to sue under 1114 with respect to both Kings of
19 Disco and Village People, because she is not the assignee of
20 the marks. As to the Village People mark and trade dress,
21 they are correct.

22 In Calvin Klein Jeanswear v. Tunnel Trading, the
23 court held that "only the registrant of a trademark or its
24 legal representatives, predecessors, successors, and
25 assigns" -- and not exclusive licensees -- "have standing to

1 sue for trademark infringement under 1114." 2001 Westlaw
2 1456577, at Page 4 (S.D.N.Y. November 16th, 2001). Because
3 "licensee or exclusive licensee" are not among the terms that
4 define a "registrant" under the Lanham Act, Intervenor "must
5 show that her license amounts, in fact, to an assignment to
6 establish entitlement to sue under 1114." Federal Treasury
7 v. SPI, 726 F.3d 62, at 78.

8 The License Agreement between Intervenor and Can't
9 Stop involves "all trademark rights in 'Village People' and
10 the characters" and provides that "nothing in this Agreement
11 shall be deemed ... to constitute a sale or assignment of the
12 Licensed Marks" to Intervenor. That's Document 110-1,
13 Exhibit 1, which is the License Agreement, at Page 1, and
14 Paragraph 2.4(c) .

15 I note that the Intervenor incorporated the License
16 Agreement by reference in the PAC, in Paragraph 14, so I can
17 consider it on a motion to dismiss. Even if it were not
18 incorporated, it is integral, because the PAC relies heavily
19 on its terms and effect. DeFalco v. MSNBC, 662 F.3d 104, at
20 111. The plain language of the Agreement shows that Can't
21 Stop -- oh, and there's -- the parties are also not disputing
22 the authenticity of the License Agreement.

23 The plain language of the Agreement shows that
24 Can't Stop did not make an assignment to Intervenor.
25 Accordingly, because she has not plausibly alleged an

1 assignment of ownership rights, she does not have standing to
2 support infringement claims under 1114 as to the "Village
3 People" mark and trade dress. See Prince of Peace
4 Enterprises v. Top Quality Food Markets, 760 F.Supp.2d 384,
5 at 392 (S.D.N.Y. 2011), where the court said that "the
6 beneficiary of a license agreement and not an assignment of
7 ownership rights lacks standing to bring an infringement
8 claim." That was adhered to on denial of reconsideration at
9 2011 Westlaw 650799 (S.D.N.Y. March 14th, 2011).

10 As to the term "Kings of Disco," the License
11 Agreement does not concern use or ownership of that term, and
12 Intervenor does not allege that she obtained rights in that
13 term through the License Agreement. But, as discussed, the
14 1114 claim relating to Kings of Disco fails because it is an
15 unregistered mark. So, even if Kings of Disco is synonymous
16 with Village People, as Intervenor contends, 1114 is
17 unavailable to her for claims involving the Kings of Disco
18 mark.

19 Finally, Defendants argue that Intervenor's claim
20 under G.B.L. 349 or claims under G.B.L. 349 are futile
21 because Intervenor is not a "consumer" and therefore lacks
22 standing. That's Defendants' opposition at Page 4. I agree
23 for substantially the reason stated by Defendants that
24 Intervenor is a competitor, not a consumer.

25 "Claims under 349 may only be brought by consumers,

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1 not competitors." *Greenlight Capital v. GreenLight of*
 2 *Switzerland*, 2005 Westlaw 13682, at Page 6 (Southern District
 3 January 3rd, 2005). See Paragraph 47 of the PAC, which
 4 include allegations of the identical class of purchasers
 5 between Intervenor's and Defendants' products. Intervenor
 6 makes no argument to the contrary in her reply and I find
 7 amendment of the 349 claim will be futile and the claim must
 8 be dismissed.

9 So, for the foregoing reasons, the motion to
 10 recover on the bond is denied without prejudice.

11 Defendants' application to discharge the bond,
 12 which they made in their opposition at Page 15, is also
 13 denied, because I have not determined that there can't be any
 14 recovery of the bond, but it is granted to the extent the
 15 bond exceeds \$3,520. See *Chevron v. Donziger*, 2012 Westlaw
 16 1080288, at Page 2 (Southern District April 2nd, 2012).

17 And the motion to -- Intervenor's motion to amend
 18 her Complaint is granted in part and denied in part. The
 19 claims that remain are the passing off 1125 claim as to the
 20 Village People and its trade dress; the passing off, an 1125
 21 claim as to Kings of Disco, and the New York common law
 22 unfair competition claim as to both.

23 The clerk has to terminate two motions, Number 218
 24 and 243. Actually, I'm not sure if 243 is shown on the
 25 docket as a motion, but if it is, it should be closed.

1 So, that's where we are. Just give me one second.
2 All right. So, I got a letter from Ms. Willis on
3 February 4th -- well, first, I got a letter from Mr. Levy
4 saying that -- back when this was originally on, saying that
5 Can't Stop and Sixuvus had reached a deal and asking to put
6 this conference off. I got a letter from Ms. Willis saying
7 she doesn't see how that can happen without her being part of
8 it. Then I guess Ms. Willis got a copy of it.

9 She wrote a letter yesterday saying that there are
10 certain items in the settlement agreement that she thinks
11 affect her interests and therefore the settlement -- I should
12 not permit the settlement to be consummated. Specifically,
13 she's talking -- referring to Paragraph 3, on Page 3,
14 Paragraph --

15 MS. WILLIS: Your Honor, one, one clarification on
16 that, if I might. You stated that, that I was seeking to
17 have -- not have the agreement consummated. So, the
18 clarification, Your Honor, my position is, is that, I'm not
19 necessarily saying that the agreement cannot be consummated.
20 I'm simply saying that the actual dismissal of the case cannot
21 occur. However, I don't know how the Court can allow them to
22 consummate that.

23 To be clear, I'm not necessarily saying they can't
24 sign it outside of the court. I'm simply saying if they do,
25 the case cannot be dismissed. I just wanted to clarify that.

1 THE COURT: Okay. I guess I don't understand how
2 that can happen, because part of the agreement is that the
3 case will be dismissed. So either it can or can't be
4 consummated.

5 MS. WILLIS: I agree, Your Honor. Okay.

6 THE COURT: All right. So -- and then I got, a
7 little while later, a joint letter from Ms. Matz and Mr. Levy
8 telling me that they've settled and they want me to dismiss
9 the action with prejudice, and they submitted a proposed
10 order.

11 Oh. What I started to say is, there seems to be
12 three parts of the settlement agreement that Ms. Willis finds
13 troubling: One is Page 3, Paragraph 3, which says -- which
14 is Can't Stop's acknowledgment that it does not now have, nor
15 has it ever had, any claim to or rights in the mark Kings of
16 Disco. And then, Page 6, Paragraph 12, which says, "the
17 parties will request the Court to discontinue the action."

18 Well, actually, now that I see that wording,
19 it's -- what I said a moment ago isn't quite right. The
20 agreement just requires the parties to ask me to discontinue.
21 It doesn't mean that I have to do it. So, maybe Ms. Willis
22 is right that the deal can be consummated without there being
23 a dismissal.

24 And, then, the third paragraph that she flags in
25 her letter is Paragraph 14, on Page 7, which says, "upon the

1 Court discontinuing the action, the clerk will return the
2 \$50,000 bond." I think that last part is easy to fix. I
3 don't think the parties can direct the return of the bond,
4 but they can agree to ask me to direct the return of the bond
5 and I would except for 3,250.

6 The parties have requested me to discontinue the
7 action, and I'm not sure frankly why Page 3, Paragraph 3 is a
8 reason not to approve the agreement, not that my approval is
9 really necessary. All that means is that's going to be a bad
10 fact for Ms. Willis in the litigation between her and
11 Sixuvus, if that continues.

12 The main question I have is: Given all the water
13 under the bridge, whether there is a legal basis for Ms.
14 Willis's position that I can't dismiss because the case needs
15 to go on between her and Sixuvus.

16 MS. WILLIS: Your Honor, a clarification on that.
17 That's not what I'm saying, actually.

18 THE COURT: All right. Well, tell me what you are
19 saying.

20 MS. WILLIS: What I'm saying is that as the
21 Intervenor, right, I don't see how the Court can dismiss a
22 case in which I am an Intervenor without my consent, actually,
23 you know, actually my consent for dismissal. And actually
24 that, Your Honor, if you look at the Complaint, I did
25 intervention in this action for enforcement of the

1 registrant's proprietary rights. And, so, in terms of
2 infringement, although I may not have the standing to bring a
3 direct infringement, however, I do have standing to actually
4 step in and enforce the registrant's proprietary rights, which
5 is a totally different issue here.

6 So, I want to make sure that the Court understands
7 that there's two distinctions here. I didn't bring the claim
8 to actually act as if I am suing myself, right, acting,
9 acting the licensee. I'm not, I'm not suing to say, "look,
10 I'm the licensee and I have a right to sue for trademark
11 infringement." That's not what the Complaint says. The
12 Complaint actually says that I'm merely exercising
13 enforcement of the registrant's proprietary rights. That's a
14 different case. I do have standing for that.

15 So, I just wanted to clarify that with the Court
16 just so that the Court understands that if the Court is
17 saying that I am attempting to bring a claim actually for
18 trademark infringement with respect to the Sixuvus, that is
19 incorrect. I am --

20 THE COURT: What's the difference?

21 MS. WILLIS: The difference is -- and there is case
22 law on that, and I think I actually quoted it in one of the --
23 the difference is this, Your Honor. When an intervenor or a
24 licensee -- a licensee has the right to actually enforce the
25 proprietary rights of the -- of the licensor, and that's all

1 I'm doing. I'm simply, I'm simply saying, "hey, there is some
2 rights here with respect to trademark infringement. I am
3 simply enforcing those rights on behalf of the registrant
4 while not actually bringing a trademark infringement claim in
5 itself." I'm simply enforcing the -- if you look at the -- in
6 fact, the Complaint is an intervention for enforcement of
7 registrant's proprietary rights. That's it.

8 THE COURT: So, you're not --

9 MS. WILLIS: I just want to make sure that the
10 Court --

11 THE COURT: So, you're not seeking damages; you're
12 just seeking to get them to stop?

13 MS. WILLIS: I'm seeking -- in other words, I am
14 stepping in as the Intervenor to simply enforce the
15 proprietary rights of the registrant, which is the licensor,
16 and which I can do, but I'm not pressing my claim to say that
17 I'm actually bringing an independent -- I'm not bringing a
18 claim for trademark infringement. And, Your Honor, again, and
19 I would like the Court to pay close attention to the
20 distinction here, I can do that. I'm simply enforcing the
21 proprietary rights.

22 THE COURT: Well, that's a distinction that was so
23 far between the lines in the parties' submissions that I
24 couldn't -- absolutely did not see it. Do you want to
25 comment, Ms. Matz?

1 MS. MATZ: Yeah. I'll be honest, I don't entirely
2 understand that, especially because the claims she is
3 asserting are far beyond what Can't Stop pled in its original
4 Complaint. That doesn't really make any sense to me that she
5 could be able to -- I'm sure Mr. Levy has a view on this
6 also -- that she could be able to come in and force Can't Stop
7 to do something that it doesn't want to do. Typically, that's
8 not --

9 THE COURT: I think she is saying even if she
10 doesn't have standing to bring a trademark infringement claim
11 herself, as the licensee, she has the right to enforce the
12 licensor's rights. I'm not sure --

13 MS. MATZ: Yeah.

14 THE COURT: -- what the difference is.

15 MR. LEVY: Your Honor, look, she cannot create
16 rights that my client as the licensor doesn't have. As you
17 pointed out, there's nothing in the License Agreement that
18 even mentions Kings of Disco. In the discussions with our
19 client, our client says they never claimed in all those years
20 that they had a trademark in Kings of Disco. They haven't
21 filed for an application. They never established a secondary
22 meaning as far as my client is concerned. And, so, the only
23 rights that were granted in the License Agreement relate to
24 the Village People trademarks, which are identified by their
25 registration numbers in the Trademark Office. Now --

1 MS. WILLIS: The Kings of Disco has nothing to do --

2 MR. LEVY: Can I have the courtesy of finishing my
3 thought?

4 You cannot have a licensee who then says, "well, I'm
5 going to do the licensor a favor, I'm going to expand the
6 rights the licensor has, even though the licensor doesn't
7 acknowledge he has those rights." Well, that's very nice, but
8 you can't do that. Her rights are circumscribed by what's in
9 the License Agreement and what she's doing is -- really goes
10 against the whole concept of what's called progressive
11 encroachment.

12 The courts are very clear, when licensors admit
13 there's licensees, the licensees cannot keep going back to
14 licensor and saying, "I don't like this, I don't like that, I
15 want you to do something," unless it's specifically set forth
16 in the License Agreement, because then you'd have the licensor
17 bringing lawsuits all over the place that make no economic
18 sense, that take positions that are off-the-wall, with the
19 licensee saying, "yeah, but I think you gave me those rights,
20 so I'm protecting your rights."

21 If you allow her theory to go, it would mean that
22 the licensee controls the licensor, because what's to stop her
23 next from saying, "oh, by the way, Queens of Disco was also
24 used, and even though, even though Can't Stop never realized
25 that it had these rights, it falls within the penumbra of the

1 Village People trademark rights and we're going to do Can't
2 Stop a favor and we're going to enforce lawsuits on Queens of
3 Disco." Well, what's going to end up happening? We get
4 dragged in and we're only going to say, "well, we never
5 claimed that. We don't know what you're talking about." As
6 Your Honor noted, our position undercuts hers.

7 So, I don't think she can broaden our rights beyond
8 what we gave her and then confer upon us rights to Kings of
9 Disco which we never claimed ever. In fact, there's never
10 been a case where we charged a fee to anyone to use it, where
11 we wrote a cease and desist letter. I checked this with my
12 client. We've never exercised control over that phrase ever.
13 So, for us to be -- for Karen Willis to now say, "Yeah, I know
14 you didn't realize that, but I'm telling you that the rights
15 to Kings of Disco fall within the penumbra of your trademark
16 rights, and I'm gonna, I'm gonna protect it," that's wrong.

17 MS. WILLIS: Your Honor, may I -- Your Honor, may I
18 respond to this?

19 Your Honor, I can appreciate Mr. Levy attempting to
20 cloud the issue here, but the actual Complaint for
21 enforcement of the registrant's proprietary rights has
22 nothing to do with the Kings of Disco. What I'm referring to
23 is that in terms of the Court -- the Court has initially here
24 stated that you didn't think that I have the right to bring a
25 claim for copyright infringement, so let's just stick with

1 that, and that's what I'm referring to here.

2 So, what I clarified with the Court is, no, I'm not
3 actually seeking to actually bring a claim for, for
4 infringement. My Complaint actually merely seeks to enforce
5 the registrant's rights; meaning that, that what -- the
6 claims that the registrant actually brought, okay, which is
7 the Complaint that's before the Court, I'm seeking to enforce
8 the rights with respect to that in terms of the copyright
9 infringement, okay. However, the issue of Kings of Disco, as
10 I've stated, I'm not saying -- if Can't Stop doesn't want --
11 does not have an interest in it, I can certainly have an
12 interest in it, as, as the register -- as the -- as the
13 licensee and as an individual, and that's what this Complaint
14 is about.

15 Mr. Levy is trying to cloud -- but independent of
16 what he said, I'm not saying Can't Stop has to want to have
17 ownership rights to do stuff. I'm simply saying that me as a
18 licensee has an interest, I believe that it's associated with
19 Village People, and it's interfering with my actual -- you
20 know, me actually exploiting it.

21 And, so, there are two different issues, Your
22 Honor. I'm not saying that -- I'm not trying to say, "oh,
23 Can't Stop, you have to own Kings of Disco." I'm simply
24 saying by virtue of the fact that I'm the licensee, I know
25 that the Kings of Disco is associated and describes Village

1 People, and I have a right to protect that interest either
2 personally as an individual or, or in terms of enforcing
3 Can't Stop's rights to that because it does not want to, and
4 that's the whole case of the intervention.

5 So, Your Honor, please --

6 THE COURT: Let me interrupt you and ask you to
7 please slow down, because I'm having trouble understanding
8 you. Are you saying that this concept that you're only
9 enforcing the rights of Can't Stop relates only to Village
10 People, not to Kings of Disco?

11 MS. WILLIS: No, it does, it does relate to that,
12 but that's just -- you know, it's both. But what I'm saying
13 is it's independent in terms of the Court saying that I did
14 not have a right to bring a trademark infringement. I'm
15 simply saying, I'm not bringing -- I never brought a Complaint
16 for trademark infringement. I simply brought a Complaint to
17 enforce the registrant's proprietary rights in those -- in the
18 trademark with respect to that.

19 THE COURT: That's a distinction that I'm having a
20 hard time wrapping my mind around. I don't know if Mr. Levy
21 or Ms. Matz has ever heard of this idea.

22 MR. LEVY: Well, you know, on the -- on her
23 intervention motion, as the Court has ruled, she sued under
24 both Section 1114, which deals with the registered mark, and
25 1125, and the Court has dismissed the 1114 claims as to both

1 Kings of Disco and Village People. So, when Ms. Willis says,
2 oh, she never sought to bring a trademark action, well, she
3 did and the Court just dismissed it.

4 What's left is intervention, is the 1125, which is
5 nonregistered marks create a secondary meaning. Well, that
6 has nothing to do with our case. We sued on fairly
7 registered trademarks, Kings of Disco is not within the
8 penumbra of those. And, again, I just think, practically
9 speaking, her argument is the licensee can decide that the
10 license is broader than even the licensor knows. Although,
11 as she now admits, if we don't want it, she's gonna use us,
12 Can't Stop, to justify her going after the Sixuvus people,
13 and I guess -- you asked her, Your Honor, but she hasn't
14 answered it, is she seeking money. If she's seeking money,
15 is she seeking it on my client's behalf?

16 I mean, after all, she seems to be so noble that
17 she wants to -- even though we don't want to do it, she's
18 going to enforce our rights to Kings of Disco, and I'd like
19 to know if she collects money, I assume she's doing it as an
20 agent for us then, because --

21 MS. WILLIS: Your Honor --

22 MS. MATZ: -- she is not doing it for herself.

23 MS. WILLIS: Your Honor --

24 MS. MATZ: If she's doing it for herself, where does
25 she -- what stops her now from finding other phrases and

1 saying, "I think I'm going to sue Proctor and Gamble for, you
2 know, for something. I think I'll just add -- I'll just take
3 any kind of thing and I'll say, you know, it's -- you know, I
4 think" --

5 MS. WILLIS: Your Honor.

6 MR. LEVY: -- "it has a secondary meaning." It's a
7 ridiculous --

8 MS. WILLIS: Your Honor, Your Honor -- Your Honor,
9 the claim before us here, which Can't Stop -- by the way,
10 Can't Stop brought this claim, I didn't. The Sixuvus filed
11 their counter, I didn't. They also brought me in, okay, into
12 this by enjoining me here. And, so, because of the fact that
13 I intervened, again, I'm simply saying, with respect to Your
14 Honor's denial of the -- of the infringement aspect, I'm
15 saying that because of the fact that my Amended Complaint in
16 Intervention clearly states that I am seeking enforcement of
17 registrant's proprietary rights, and what that means is, is
18 that the claim that Can't Stop has currently against the
19 Sixuvus, I can continue that claim, and so the Court cannot
20 simply dismiss it, that's all I'm saying, because I have a
21 right to actually enforce the registrant's proprietary rights
22 as an Intervenor. But I'm not actually -- I'm being careful
23 not to actually bring a claim for infringement. I'm simply
24 saying I'm enforcing their rights as the licensee.

25 THE COURT: Maybe Ms. Matz --

1 MS. WILLIS: And, Your Honor, I can provide some --
2 I can provide some case law -- I don't know if Your Honor --
3 on that, Your Honor, if Your Honor would like to get that, and
4 I can -- I have it too. I don't have it in front of me.

5 THE COURT: Ms. Matz.

6 MS. MATZ: Thank you, Your Honor. It's a basic
7 tenet of copyright law, trademark law -- and I realize this is
8 only a trademark case, although Ms. Willis has used the term
9 "copyright" a couple of times -- a licensee cannot acquire
10 rights greater than what the licensor has. It's in every
11 basic 1-L intellectual property class. The, you know, example
12 we were all given: Intellectual property is a bundle of
13 sticks, and you can license a piece of the bundle, you can
14 license the whole bundle. But if, you know, Can't Stop gave
15 Ms. Willis three sticks, they said, "you have the right to use
16 these three registrations," or whatever it was, she cannot
17 expand that. Not only is that the law, it's in her License
18 Agreement. Her License Agreement --

19 MS. WILLIS: I'm not expanding it.

20 MS. MATZ: Excuse me, may I finish?

21 Her License Agreement actually says, "Except for
22 the rights granted to Licensee pursuant to this Agreement,
23 Licensee shall not acquire any rights in the Licensed Marks
24 or any other right adverse to Licensor's interest in the
25 Licensed Marks by virtue of this Agreement or by virtue of

1 Licensee's use of the Licensed Marks."

2 She -- her entire claim is premised -- her entire
3 claim regarding Kings of Disco is premised on the idea that
4 somehow the use of the Village People, prior to the time she
5 was a licensee, made it have a secondary meaning. Even if
6 that was the case, which it's clearly not and we vehemently
7 dispute, even if that was the case, she wasn't granted those
8 rights in this Agreement, she does not have standing, and
9 Can't Stop is standing here saying, "we don't own any of
10 those rights. We don't even know what she's talking about."

11 Intervention is, is meant to allow parties to
12 assert certain rights, but it doesn't give them a wild card
13 to dictate what those rights are when that isn't supported by
14 the law or her own License Agreement.

15 Also, I would like to point out that the right to
16 sue when you are a licensee is something that is usually
17 heavily negotiated between parties and Can't Stop did not
18 give her the right to sue in the License Agreement. If they
19 had wanted to let her control litigation, they would have,
20 but they don't.

21 THE COURT: So, here's, here's what I think we
22 should do. There is one very narrow issue here, which is a
23 civil procedure question, which is: If plaintiff and
24 defendant have settled, can the Court dismiss the case when
25 there is an intervenor which has claims pending? I don't know

1 the answer to that. Maybe I can, and if Ms. Willis still
2 wants to pursue her claims, she can file a new lawsuit
3 somewhere. I don't know.

4 Do you have an opinion on that?

5 MS. MATZ: I do. She is not actually an intervenor
6 yet. You allowed her to temporarily intervene for the
7 purposes of the TRO, and I will point out that I disagreed.
8 First of all, she is not an assignee. I disagree that that
9 first TRO affected her. She chose to intervene and that's
10 fine. You allowed her to intervene so she could be heard in
11 the TRO process while there was -- while my client was
12 asserting claims that could have actually affected her
13 license, right.

14 My client was saying, "you nakedly licensed the
15 marks. We really have the right to use the marks." We said
16 that the determination was premature and we wanted a longer
17 tail on that. We asserted all those claims and it made sense
18 to allow her to be heard during those proceedings, but you
19 did not allow her to intervene for all purposes. It was a
20 temporary intervenor, which means that she has not actually
21 been granted intervenor status. And while you have said what
22 claims she would ultimately be allowed to assert if she was
23 allowed to intervene -- because if you recall, we set this
24 briefing schedule up so that after you ruled on this, we
25 would then -- we would then brief on the intervention issue.

1 So, my point is this, that that made absolute
2 sense, but Plaintiff and Defendant have now done away with
3 those claims. We're dismissing those claims. And, frankly,
4 all due respect to the Court, and I don't mean any offense by
5 this, you can't stop us from doing it, okay. So, those
6 claims are going away. She has no interest. My client is no
7 longer challenging the Village People marks. Part of this
8 agreement is that we have acknowledged and agreed not to
9 challenge those marks, and they have said, "we acknowledge
10 that there is fair use rights," and we're all good. So, you
11 know, there is no --

12 MS. WILLIS: Your Honor, the fact that she's
13 saying --

14 THE COURT: Ms. Willis, Ms. Willis, wait your turn.
15 Ms. Willis, wait your turn.

16 MS. WILLIS: Okay.

17 MS. MATZ: The fact there is nothing left for her to
18 intervene in, for her to say -- the basic tenet of
19 intervention, the Court asked the question: Is there a right
20 that the Intervenor has that's being affected here? And the
21 answer to that question is no, because we have settled. And
22 if she thinks she can bring claims outside that -- because she
23 hasn't actually -- because the claims aren't actually in this
24 action yet, you're dismissing our claims and you're dismissing
25 their claims and the case is over. The pleading hasn't been

1 accepted by the Court. She is not an intervenor for all
2 purposes. So, yes, I don't see any reason why the Court
3 couldn't.

4 MS. WILLIS: Your Honor, I am an Intervenor, you
5 know, to their chagrin, until the Court says otherwise.

6 Look, the fact Your Honor has already clearly
7 stated that there are some claims that survived, three of
8 them, okay. So, how she can say that I'm not an intervenor
9 is beyond me.

10 But look, Your Honor, again, I'm only saying with
11 respect to the issue of the trademark infringement, okay, I'm
12 simply saying that I have a right to bring -- to enforce,
13 okay, the proprietary rights of the registrant. Now, that's
14 all I'm saying. And, so, as to the bulk of that, I don't see
15 how the Court could actually dismiss the case when, as an
16 Intervenor, I can continue those, you know. And, so, it is
17 not wise for them to attempt to have done this settlement
18 because they should have involved me and we would not be
19 here.

20 So the Court may not be able to stop them from
21 signing a piece of paper here outside of the Court, but the
22 Court does have control over whether or not it can disregard
23 an intervention case and just dismiss it. It has to
24 continue. They created this problem, you know, and that's
25 all I'm saying.

1 THE COURT: What I allowed was for you to intervene
2 provisionally as a plaintiff, because you were aligned with
3 Can't Stop in preventing Sixuvus from infringing the Village
4 People mark. They are -- up till now it's always been
5 provisional, just because of all the side shows we had with
6 other cases and settlements and all that.

7 I'm not going to dismiss without getting some law
8 from everybody, but let's go off the record for a moment.

9 MS. MATZ: Your Honor, could I add one thing on the
10 record before we go off?

11 THE COURT: All right. Ms. Matz is going to add one
12 thing on the record.

13 MS. MATZ: And that is that -- well, I'm going to
14 add two things. One is a clarification from earlier that I've
15 been waiting to add.

16 But the thing I want to add about this is, she's
17 also basically asking Your Honor to continue a case. I have
18 a release from the licensor. She can't enforce those rights
19 on their behalf anymore. They released them.

20 The second thing I wanted to add --

21 THE COURT: But she can enforce them on her own
22 behalf. Can't she?

23 MS. WILLIS: As a licensee.

24 MS. MATZ: Subordinate to the licensor. She
25 cannot -- she just said to you, "I'm trying to enforce the

1 licensor's rights." Those don't exist anymore. They were
2 released. That is my point.

3 And the other thing I just wanted to clarify -- and
4 I apologize, Your Honor. When you were giving the ruling
5 about the bond motion, you gave a couple of different numbers
6 and I think that might have been an inadvertent error on Your
7 Honor's part. Because at one point you said \$3,520, which I
8 believe was the correct number.

9 THE COURT: Yes.

10 MS. MATZ: And at another point you said 3,220. And
11 then at one point you said 32,000. So, am I correct in
12 understanding --

13 THE COURT: 3,520 is the right number.

14 MS. MATZ: Okay. So, with the exception of the
15 \$3,520, my client's bond will be released back to them?

16 THE COURT: Yes.

17 MS. WILLIS: Okay. Your Honor, first of all,
18 that -- no, I'm not gonna tell Your Honor how to handle it,
19 but I can, I can say this. I, you know, don't agree with
20 that, you know. But, again -- once again, and I'm done with
21 it, Your Honor, and I understand what you may do here to try
22 to get some more case law. But, again, I cannot say it
23 enough, I -- my -- I have an actual Intervention Complaint for
24 enforcement of registrant's proprietary rights. The
25 registrant cannot simply circumvent that by saying, "oh, I've

1 made, I've made a deal here, so that's going to undercut you
2 as the Intervenor."

3 The very purpose of intervention is to prevent a
4 licensor or someone from actually making a deal or actually
5 litigating a case in a way that would actually adversely
6 affect the rights of that licensee or the Intervenor. So, it
7 just cannot -- I don't see how it can be dismissed. However,
8 we can't stop them. I don't think the Court can stop them
9 from signing. But just because they did that, they knew this
10 case was pending. They knew that I was involved here. They
11 knew it. They chose not to involve me, so whatever the
12 results are, if I end up winning in the end, because an
13 intervenor can continue a case, you know, even if the -- even
14 if the -- a Plaintiff fails.

15 THE COURT: Off the record.

16 MS. WILLIS: That's what intervention is all about.

17 THE COURT: We're going off the record.

18 (Discussion held off the record)

19 THE COURT: All right. Back on the record.

20 We're going to do what we planned to do, which is,
21 Ms. Willis is going to make a motion to intervene.

22 MS. MATZ: Your Honor, can I make one suggestion?

23 THE COURT: Yes.

24 MS. MATZ: Could we -- I'm just thinking that -- I
25 do think that there are some new facts now that could

1 potentially change the Court's ruling on what claims are even
2 still viable in light of the release and Can't Stop's
3 agreement that it does not have any rights here. Could there
4 potentially be -- rather than going down the road of
5 intervention, it might be simpler if there was just a legal
6 determination about whether or not she can even still assert
7 these claims or maybe it's something we do at the same time.
8 I'm just --

9 THE COURT: Yes. I mean, look, I would like nothing
10 better -- I would like nothing better than to be through with
11 this case, which has dragged on forever and sucked up a lot of
12 my time and energy. However, that's what the taxpayers pay me
13 for. What I think should happen is, Ms. Willis should make a
14 motion to intervene, to file her Proposed Amended Complaint,
15 and Defendants can oppose the motion to intervene and
16 cross-move to dismiss on different grounds than have already
17 been raised.

18 MS. MATZ: Understood.

19 THE COURT: And I may decide Ms. Willis can't
20 intervene at all. I may decide she can intervene, but I'm
21 going to dismiss. Or I may decide she can intervene and I'm
22 not going to dismiss. So we'll just see what happens.

23 So we need to set a schedule. Ms. Willis, when can
24 you file your motion to intervene?

25 MS. WILLIS: Yes, Your Honor. For clarification

1 would it be based on the three causes of action that the Court
2 has allowed?

3 I'm looking at the calendar. I can actually file
4 my motion --

5 THE COURT: Just give me a date.

6 MS. WILLIS: Okay. Your Honor, it looks like the
7 28th of March is when I can turn in my motion.

8 THE COURT: Okay. And, then, how long thereafter,
9 Ms. Matz, for your opposition and cross-motion to dismiss?

10 MS. MATZ: Just so -- Your Honor, I believe the 28th
11 of March is a Saturday.

12 MS. WILLIS: I meant to say the 27th, I'm sorry.

13 THE COURT: Okay. No problem.

14 MS. MATZ: Okay. Could I have until May 1st?

15 THE COURT: Yep, May 1st. And, then, how long for
16 your reply on your motion and opposition to the motion to
17 dismiss?

18 MS. WILLIS: Okay. What was it, May what? I'm
19 sorry, Your Honor.

20 THE COURT: May 1.

21 MS. WILLIS: Okay. Hold on. I could actually
22 reply -- I'm looking at this tour schedule at the same time
23 here -- on the 29th.

24 THE COURT: May 29th. And, then, how long for your
25 reply, Ms. Matz?

1 MS. MATZ: Right, it's a cross-motion. Sorry.

2 How about June 17th?

3 And, obviously, that assumes we actually do
4 cross-move, which I would assume we would, but --

5 THE COURT: All right. Okay. All right.

6 I really suggest, Ms. Willis, that you think about
7 whether it's possible to resolve the case short of them
8 giving up their Facebook page, because they're never going to
9 do that. But maybe there is a way for you to -- for both
10 sides to move on with their heads held high, which to me
11 would be some reasonable, not massive sum of money.

12 MS. WILLIS: I'm not opposed to -- I'm not opposed
13 to settlement, and it's not about money, but I'm certainly not
14 opposed to settlement, Your Honor.

15 THE COURT: I understand that. You've said that
16 many times, but you -- the only thing you've asked for, which
17 is -- let's go off the record again.

18 (Discussion held off the record)

19 THE COURT: I have directed Ms. Willis to think
20 about what she wants here and either to make a demand of
21 Defendants by February 13th or to tell them that she is not
22 making a demand because she's not interested in resolving it,
23 and that's obviously her option.

24 In the meantime, we have the dates we've set, and
25 I'll get briefing from the parties not only -- I'm expecting

1 not only on, you know, the usual factors that govern when
2 there is a motion to intervene and whether it should be
3 permissive or as of right, but also whether the fact that the
4 licensor has now released its claims means that there is
5 no -- there's nothing to intervene on, or maybe that issue
6 fits in better to the renewed motion to dismiss, which I
7 should be clear is not going to be on the same grounds that
8 were previously raised, but can be made on sort of the
9 grounds raised by developments between then and now.

10 MS. MATZ: Your Honor, one other point of
11 clarification. Are you going to be issuing a written order
12 for the return of the piece of the bond that is being returned
13 or should we submit something to you for you to so order?

14 THE COURT: That will be great.

15 MS. MATZ: No problem.

16 THE COURT: All right. Thank you all.

17 MR. LEVY: Thank you.

18 (Case adjourned)

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